



DEPARTMENT OF THE NAVY

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20350-1000

SECNAVINST 4001.1E

NAVSUP 512

5 February 1998

SECNAV INSTRUCTION 4001.1E

From: Secretary of the Navy

Subj: POLICY AND PROCEDURES FOR THE MANAGEMENT OF PRESENTATION SILVER

Ref: (a) Title 10, U.S. Code, Section 7221 (NOTAL)  
(b) SECNAVINST 4001.2G  
(c) OPNAVINST 4001.1D  
(d) Afloat Supply Procedures (NAVSUP P-485)  
(e) Food Service Operations (NAVSUP P-421)  
(f) Title 10, U.S. Code, Section 7546 (NOTAL)  
(g) Title 10, U.S. Code, Section 7545 (NOTAL)

Encl: (1) Sample Loan Agreement

1. Purpose.

a. To delegate responsibility to the Under Secretary of the Navy (UNSECNAV), and to the Commander, Naval Supply Systems Command (COMNAVSUPSYSCOM) for the management of presentation silver services.

b. To prescribe policy for their receipt, use, care, inventory and transfer or other disposition.

This instruction has been completely revised and should be reviewed in its entirety.

2. Cancellation. SECNAVINST 4001.1D.

3. Background.

a. A gift of presentation silver in conjunction with the commissioning of a naval vessel is a long-standing tradition in the U.S. Navy. The silver forges a symbolic and historical link between the military crew of the vessel it is aboard and the civilian community from whence it came. Because of its value, both intrinsic and symbolic, presentation silver must be accorded the highest level of care and be properly safeguarded against damage or loss.

b. Reference (a) authorizes the Secretary of the Navy to accept and care for gifts of presentation silver made to vessels of the Navy. The procedure for accepting such gifts is set forth in references (b) and (c) and detailed management and care

5 FEB 1998

procedures are set forth in references (d) and (e). References (f) and (g) authorize the Secretary of the Navy to return gifts of presentation silver.

4. Definition. The term "presentation silver" for the purpose of this instruction refers to gifts to U.S. Navy vessels which are made of silver (a single item or a group of items) such as punch bowl sets, tea sets, coffee sets, trays, candelabras, and related hollowware or flatware. Presentation silver is typically engraved with the names of the vessel, donor, occasion of the presentation, and emblems or symbols of the Navy or the donating organization. U.S. Navy vessels frequently receive other gifts and mementos to commemorate various events during the vessel's life, and some of those items may also be made of silver or silver plated metal. Those gifts and mementos which contain silver, but which do not meet the above definition for presentation silver, will be managed in accordance with provisions of reference (d). Gifts of presentation silver may be received from states, municipalities, organizations, individuals or foreign governments. These gifts become the property of the U.S. Navy upon acceptance.

5. Policy.

a. COMNAVSUPSYSCOM is delegated authority to act for the Secretary of the Navy in the loan of gifts of presentation silver services under references (f) and (g).

b. UNSECNAV is delegated authority to act for the Secretary of the Navy with regard to return of gifts of presentation silver services under references (f) and (g).

c. The Assistant for Administration, Office of the Under Secretary of the Navy (AAUSN) is the principal policy advisor to UNSECNAV on issues concerning presentation silver returns.

d. COMNAVSUPSYSCOM is delegated responsibility for developing detailed inventory, reporting and record keeping requirements for presentation silver and for the preparation and coordination of loan agreements.

e. Gifts of presentation silver will be maintained intact as originally presented and safeguarded against damage or loss. Activities having custody of presentation silver, whether for use, display or storage, are responsible for the repair or replacement of items damaged or lost while in their custody.

f. Active vessels of the U.S. Navy will be given preference in the assignment of presentation silver. All requests for assignment of presentation silver will be in writing from the Commanding Officer to COMNAVSUPSYSCOM.

5 FEB 1998

g. Presentation silver will be removed from vessels prior to decommissioning, and placed in secure storage pending reassignment by COMNAVSUPSYSCOM.

h. The use of presentation silver by shore activities is discouraged, and all requests for its use or display at shore activities must be specifically approved by UNSECNAV. Requests for presentation silver by shore activities will be approved only when there are no outstanding requests or programmed outfitting requirements for vessels of the active fleet.

i. Presentation silver will not be released from Navy custody without a formal loan agreement between the recipient and the U.S. Navy, except when given to the donor under reference (g). Loaning presentation silver is generally discouraged, particularly if the service is aboard an active naval vessel. The following policy will govern loans:

(1) Presentation silver may be loaned only to donors (including their heirs) or to those organizations and institutions described in references (f) and (g). The loan request must be in writing and signed by the donor or head of the requesting institution, (i.e., governor, mayor, etc.) and may be for all or a portion of the service. The request must also designate the person authorized to sign the loan agreement if other than the requester.

(2) The request shall be forwarded to COMNAVSUPSYSCOM for coordination and preparation of a formal loan agreement before any commitment is made. Enclosure (1) provides a sample loan agreement and guidance on the negotiation of its terms and conditions.

(3) All loan agreements will include appropriate insurance, inventory and reporting requirements, and will be at no expense to the government.

(4) COMNAVSUPSYSCOM may renew a previously approved loan agreement, when there is no outstanding requirement by an active naval vessel for the items on loan. Copies of renewed loan agreements will be forwarded to AAUSN for information.

j. Donors who request the return of presentation silver will generally be informed that the U.S. Navy is the legal owner of the silver and wishes to retain it in the Fleet, except in the following cases:

(1) Certain presentation silver sets (e.g., those donated to battleships by States) have a history of being returned to donors during those periods when no ship bearing that name is in active Fleet service.

(2) The condition or design of some silver pieces may render them unsuitable for continued use aboard modern warships.

5 FEB 1998

In such instances, consideration will be given to returning those items to the donor, or authorized institution, on loan for an indefinite period (subject to recall) or on a permanent basis. In most other instances, returns to donors will be made only on short term loans for a specific public ceremony or similar purpose.

k. At appropriate times, and if determined to be compatible with good public relations, an endeavor will be made to obtain presentation silver for use in the active Fleet which has been previously loaned to donors or other institutions.

6. Action.

a. COMNAVSUPSYSCOM will:

- (1) Establish inventory management policies and procedures, including appropriate reporting requirements;
- (2) Issue guidance for care, storage and turn-in;
- (3) Approve Reports of Survey (DD Form 200) submitted by custodian activities for lost or damaged items, including prescribing replacement or repair action;
- (4) Redistribute presentation silver between vessels;
- (5) Respond to inquiries as to location, use and condition of presentation silver, in accordance with the Freedom of Information Act;
- (6) Obtain presentation silver previously loaned to donors when appropriate;
- (7) Prepare all loan agreements;
- (8) Notify the Office of Counsel, Naval Supply Systems Command (NAVSUPSYSCOM) of any violation of a loan agreement;
- (9) Recommend action to UNSECNAV in response to a donor's request for return;
- (10) Approve loan requests for the use of presentation silver by donors, or institutions described in references (g) and (h).

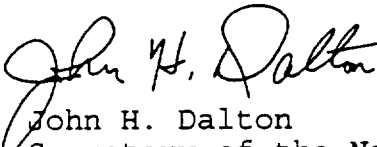
b. The Office of Counsel, NAVSUPSYSCOM will review all loan agreements (and transfer agreements) involving presentation silver to ensure compliance with existing policy and procedures.

5 FEB 1998

c. Commanding Officers of naval vessels will make presentation silver reports to COMNAVSUPSYSCOM in accordance with guidelines contained in reference (d).

d. Commanding Officers of naval shore activities and storage sites will make an annual report to COMNAVSUPSYSCOM on presentation silver in their custody.

7. Report. Report Control Symbol NAVSUP 4001-1 is assigned to the inventory report required by paragraph 6c and is approved for three years from date of this instruction.

  
John H. Dalton  
Secretary of the Navy

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5 FEB 1998

## SAMPLE LOAN AGREEMENT

This document constitutes an agreement between the U.S. Navy, represented by the Naval Supply Systems Command and (enter name of borrower, i.e., City of Cincinnati) (hereinafter "the borrower"), relating to the loan of certain items of presentation silver described in Appendix A of this agreement (hereinafter, "the loaned property"). This loan is made under the authority granted the Secretary of the Navy by Title 10, U.S. Code Section 7546.

I. List of Loaned Property

See Appendix A.

II. Acceptance of Loaned Property

The borrower agrees to accept the loaned property on an "as is, where is" basis at the time this loan agreement comes into effect. The borrower also agrees to be responsible for all arrangements and costs associated with the movement of the loaned property. The borrower shall, at no cost to the U.S. Navy, arrange and pay for disassembly, packing, crating, transportation, and other actions as necessary for the safe and careful movement of the loaned property to the borrower's facility and upon termination of this agreement, movement of the loaned property back to a location designated at the time by the Navy. Such methods of disassembly, packing, crating, and transportation will be subject to prior approval by the Naval Supply Systems Command.

III. Use of Loaned Property

The borrower agrees to use the loaned property for public display and ceremonies (in accordance with paragraph VII below) and for no other purposes.

IV. Period of Loan

This loan shall commence on \_\_\_\_\_ and may be terminated (i) by the commissioning of a naval vessel named "\_\_\_\_\_"; or (ii) at the request of either party alone. This loan agreement is being approved as being in the best interest of the Navy.

V. Maintenance of Loaned Property

The borrower shall use the loaned property in a careful and prudent manner, safekeeping it and maintaining it in a clean condition. The borrower also shall make such repairs to it as are necessary to maintain it in at least the condition it was in when accepted by the borrower. Costs incident to such maintenance, repair, care and upkeep shall be borne by the borrower.

5 FEB 1998

VI. Record of Maintenance

The borrower will prepare and maintain detailed records of any and all maintenance, preservation, and restoration work accomplished. An annual report on the condition of loaned property shall be submitted on each anniversary date of the signing of this agreement to Commander, Naval Supply Systems Command, (ATTN: SUP 512), 5450 Carlisle Pike, P.O. Box 2050 Mechanicsburg, PA 17055-0791.

VII. Location of Loaned Property

The borrower shall not use the loaned property at locations other than the *(enter here the name and address of where the silver will be located)* without the prior approval of the Naval Supply Systems Command.

VIII. Return of Loaned Property

The borrower shall return the silver to the U.S. Navy in at least the same condition as when accepted, and shall be liable for any loss of or damage to the property while in its possession or that of its agents. The borrower shall return the property to the U.S. Navy promptly upon any termination of the loan period as set forth in Section IV. Prior to such return by the borrower, effective notice shall be given to the Naval Supply Systems Command. Upon receipt of effective notice the Naval Supply Systems Command promptly shall provide disposition instructions to the borrower. The borrower shall remain responsible for the property following termination of the agreement until the property is received back by the Naval Supply Systems Command.

IX. Indemnification

The borrower shall indemnify and hold harmless the U.S. Navy, its officers, agents, and employees for any and all claims for loss or damage to property or bodily injury to, or death of, persons arising out of, or in connection with, the borrower's possession and use of the loaned property, including preparation for, and actual shipment.

X. Insurance

The borrower shall procure and maintain insurance coverage at all times, as follows:

A. All-Risk Silverware Floater Insurance in the minimum amount of *(enter the silver's appraisal amount)*;

B. Transit Insurance in the amount of *(enter the silver's appraisal amount)* to cover the silverware during any periods of transportation; and

**5 FEB 1998**

C. Bodily Injury, Liability Insurance with a minimum limit of \$100,000.00 per occurrence to cover such injuries as might occur in connection with the movement or use of the silverware.

Such insurance shall be in the name of the borrower or the Department of the Navy, or both, depending on the insurable interests involved. A copy of each such insurance policy, certificate or binder shall be submitted to the Naval Supply Systems Command within five working days after the borrower acknowledges acceptance of the loan agreement by proper execution, and before any shipment to the borrower or preparation for such shipment is made.

In the event that the borrower is an agency authorized to act as a self-insurer, and is so covered, it may, in lieu of procuring insurance for bodily injury liability, elect to be a self-insurer for bodily injury to, or the death of, persons arising out of, or in connection with, the borrower's use or temporary custody of the loaned property, including preparation for, and actual shipment. In this regard, the borrower shall submit for approval by the Naval Supply Systems Command a properly executed, fully effective certificate from the appropriate authority so attesting.

#### XI. Inspection

The borrower agrees to allow the Naval Supply Systems Command reasonable, prompt access to the borrower's facility upon notice given for the purpose of inspecting the loaned property and records pertinent thereto.

#### XII. Title to Loaned Property

Full ownership of and title to the loaned property shall remain with the U.S. Navy, and the U.S. Navy shall reserve the right, through the Naval Supply Systems Command, to revoke all or part of this agreement for the reason set forth in Section IV.

UNITED STATES OF AMERICA  
UNITED STATES NAVY

\_\_\_\_\_  
Commander, Naval Supply  
Systems Command

\_\_\_\_\_  
Title

Date: \_\_\_\_\_

Date: \_\_\_\_\_



SECNAVINST 4001.1E

5 FEB 1998

**USS**  
Presentation Silver Service

<u>Item</u>	<u>Description</u>	<u>Qty</u>
1.		

Total Number of Pieces

Appendix A